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FROM: Kika de la Garza

Washington D C

BIGGER PAYCHECKS FOR MANY SOUTH TEXANS is the word after President Carter signed into law the new tax bill entitled the Tax Reduction and Simplification Act. This will eventually mean more even for those who won't receive a tax break.

Other provisions include extending the sick-pay exclusion to include 1976 income, postponing the revisions on exclusion of income earned abroad, allowing taxpayers over 65 to compute their 1976 retirement income either under the new law or under last year's Tax Reform Act, and credit of up to \$2,100 that employers can claim for each new worker hired beyond an annual increase of 2 percent in total payroll.

* * *

EXPECTED THIS MONTH, a \$2.10 to \$4.50 increase per week in South Texan paychecks will be the result of both the new tax bill and lower Treasury Department payroll withholding schedules.

These new schedules call for an even greater reduction in withholding taxes than the tax bill dictates. The tax bill requires only an average \$2.10 reduction but the Treasury Department under fire for withholding too much in the past will take this opportunity to rectify both. Of course this will mean lower refunds in April, 1978, but taxpayers will be able to use this money as they earn it by placing the extra dollars in a savings account.

* * *

MARRIAGE WON'T CARRY as much of a penalty as it has in the past under the new law. Now there is a standard deduction for both single taxpayers at a set \$2,200 and for married couples an increase to \$3,200. This means that single people making around \$15,000 will pay higher taxes in 1977 than before, while those below will be paying less.

* * *

THE SICK-PAY \$100 PER WEEK EXCLUSION removed in last year's Tax Reform Act is extended just through the 1976 year income tax returns. This was done to rectify the inequitable situation of those involved who had planned their expenses throughout 1976 with this in mind. The exclusion will not be allowed in the 1977 returns as of now.

Also postponed from the 1976 Income Tax Reform Act is the decision to remove many of the exclusions allowed from tax of income earned abroad. Concern has centered around this 1976 provision with claims that jobs will be harder to find for U S citizens living abroad. The new tax bill allows these exclusions only on 1976 taxes.

* * *

A BOON TO BUSINESSMEN is the allowed credit of up to \$2,100 employers can claim for each new worker hired beyond an annual increase of 2 percent in total payroll. This new provision is aimed at easing unemployment, and sponsors testify that it could provide up to 300,000 new jobs nationally for 1977 and 1978 -- the years it applies.

SOUTH TEXAS WATER AND OTHER PUBLIC WORKS PROJECTS will receive new funding under two programs recently signed into law by the President.

Offsetting the drought damage of 1976-1977 are Emergency Drought Program loans and grants worth \$175 million available to designated areas including Bee and Live Oak Counties.

As participants in this new program, these counties will be eligible for assistance in funding projects which reduce or eliminate drought caused threats to public health or safety. For example, projects to improve and enlarge water systems, purchase and transport water for immediate relief from drought conditions, and implement water conservation measures will be emphasized.

Project applications are being accepted now. By September 30, 1977, all funds will be obligated for projects that must be completed by April 30, 1978.

* * *

THE PUBLIC WORKS EMPLOYMENT ACT was extended recently by the President. This is another law that could help fund projects in South Texas.

Directed at reaching areas of high unemployment, the \$4 billion will be spent according to regulations issued in the May 27 FEDERAL REGISTER. With the possibility of some South Texas projects qualifying for these funds, I will be happy to mail to anyone interested a copy of these regulations. All you have to do to get one is ask.

* * *

WHILE NOT TRYING TO SHIRK DUTIES, my office is resorting to using form letters in response to the many printed postcards arriving every day in my office.

There have been massive lobbying efforts nationally underway on many legislative issues. Printed postcards are distributed where all one has to do is write in their congressman's address, sign and mail to express opposition to an issue.

Equity demands that they be answered. Granted my staff is one of the finest, time dictates that a form letter be sent in reply to the many form letters received. Everyone needs to understand each issue of concern, so by using form letters everyone is treated the same in receiving my reply to his opinion.

* * *

THREE PERCENTAGE POINTS FROM PERFECT. Out of the past 200 calls and votes in the House, your congressman has been present 97 percent of the time.

This isn't too bad. Our belief is that the best way to represent the 15th Congressional District of Texas is being here to express your views in House sessions. This is why so often I must be the fellow who says "no" to invitations from the District but we still try to come as often as possible.

* * *

VISITORS FROM HOME: Visiting my office from home this week were Mr and Mrs Humberto Zamora of Edinburg; Alicia Gonzalez, Mr Chris Isbell, and Mr and Mrs Ruben Salazar of McAllen; Mr and Mrs Stephen Perantoni of Mission, and Mr Arnaldo Cantu of San Juan.

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